

Smartlink US Dollar Managed Fund

January 2017



BLOOMBERG: AZUSMGD:IJ

INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period	6.77%
Best Month	9.61% Dec-08
Worst Month	-10.66% Oct-08

Portfolio Breakdown

Treasury Bonds	70.21%
Govt. Related Bond	10.03%
Cash/Deposit	19.76%

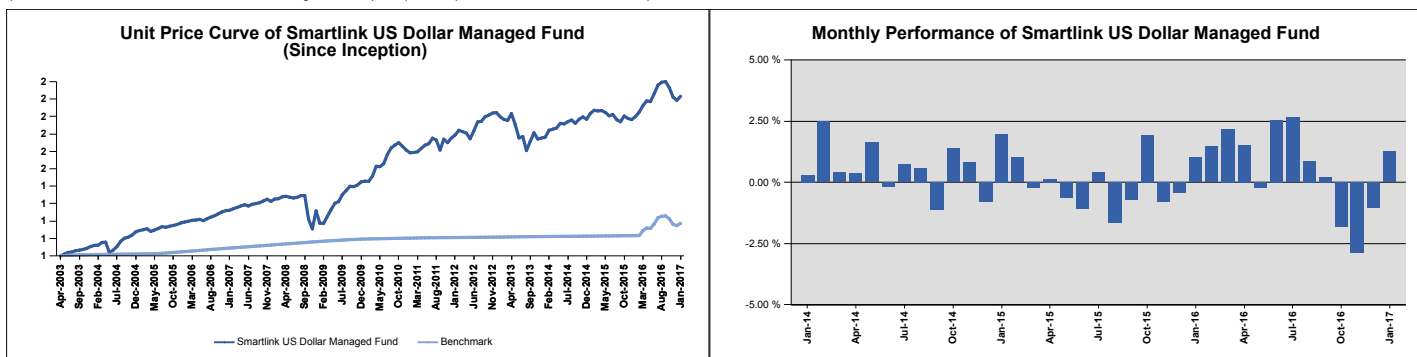
Top Five Bonds Holding

RI-2026	4.63%
RI-2038	4.39%
RI-2044	4.09%
RI-2046	3.73%
RI-2024	3.70%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink US Dollar Managed Fund	1.26%	-2.67%	-3.40%	6.77%	14.67%	1.26%	99.54%
Benchmark*	1.12%	-2.36%	-2.92%	6.72%	7.27%	1.12%	20.12%

*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



KEY FUND FACTS

Fund Size (in mio USD)	: USD 45.18
Risk Profile	: Moderate
Launch Date	: 07 Apr 2003
Fund Currency	: United States Dollar
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	Bid
(As of Jan 31, 2017)	: USD 1.8956
Bid-Offer Spread	: 5.00%
Management Fee	: 1.00% p.a.
	Offer
	: USD 1.9954

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jan 2017 inflation at 0.97% mom (vs +0.42% in Dec 2016), mostly was caused by higher vehicle registration fee and electricity tariff. On yearly basis, inflation was higher to 3.49% YoY (vs consensus 3.20%, 3.02% in Dec 2016). Core inflation printed at 3.35% YoY, higher from previous month (vs consensus 3.12%, 3.07% in Dec 2016). In the Board of Governors' Meeting on 18-19 Jan 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.69% to 13,343/USD at end of Jan 2017 as opposed to 13,436/USD previous month. Trade balance booked a surplus of +US\$0.992bn (non-oil and gas surplus +US\$1.448bn, oil and gas deficit US\$-0.456bn) in Dec 2016. Export rose by +15.57% YoY mostly driven by mineral fuel exports, while imports rose by +5.82% YoY. Indonesia's gross domestic product (GDP) growth in Q4 2016 was at -1.77% qoq (vs consensus -1.80%, 3.20% last quarter), however expanded 5.02% yoy in FY2016 (vs consensus 5.02%, 4.88% FY2015).

USD government bond yields lower all across the curve in Jan 2017 on the back of offshore inflows post hawkish tone from the Fed. Strong bid reflected as well on every IDR auction that MoF held in Jan 2017. Positive sentiment came from domestic data of Dec FX reserved which the highest since April 2012 and above expectation Dec Trade Balance. However, cautious tone still in the air due the uncertainty condition of Trump's policy. Indonesia's CDS 5yr level improved from 154/162 to 146/151. The 5Y yield Jan 2017 ended -17bps lower to 3.39% (3.56% in Dec 2016), 10yr tenor ended -12bps lower to 4.16% (4.28% in Dec 2016), and 30yr ended -14bps lower to 5.08% (5.22% in Dec 2016).

In regards to our recent portfolio strategy we maintain duration strategy (below benchmark duration) and will opportunistically add weight again should there be a correction in the fixed income market.